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New Caledonia

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I. General

1. New Caledonia[1] is located in the Pacific Ocean, about 1,500 kilometres east of Australia and 1,700 kilometres north of New Zealand. It comprises one large island, known as Grande Terre, and smaller islands known as the Loyalty Islands (Ouvéa, Maré, Lifou and Tiga), the Bélap Archipelago, the Isle of Pines and Huon Islands. There are also several uninhabited islands to the north of the Loyalty Islands. The area of Grande Terre is 16,750 square kilometres, and that of the Territory is 19,103 square kilometres. Nouméa, the capital, is located in the south of Grande Terre. The Territory is divided into three provinces, South and North (on Grande Terre) and the Loyalty Islands.

2. In 2004, a new census was initiated in France of all its overseas Territories, the results of which are still pending. In the case of New Caledonia, the census provoked controversy and calls for its boycott by the indigenous movement, whose members were dissatisfied with the omission of questions regarding ethnicity. The questions had been removed following an intervention by the President of France, who had labelled them scandalous and unlawful. Later, some mainland French residents argued that they also did not want to partake in the body count because they felt they were not regarded as citizens. New Caledonian officials estimate that at least 10 per cent of the population boycotted the census. According to the French National Institute of Statistics and Economic Studies, that could have an impact on the reliability of the census data. Meanwhile, the Caledonian Congress decided to organize another survey in 2005 to obtain information regarding the ethnic composition of its population.[2]

3. The current data on the population of New Caledonia vary significantly. Population estimates are between 220,000 and 235,000, which correspond to a growth rate between 12 and 19 per cent, compared to the last census in 1996, when the population was 196,836.[3] According to the 1996 census, the population comprised indigenous Melanesians known as Kanaks (42.5 per cent); persons of European origin, mainly French (37.1 per cent); Wallisians (8.4 per cent); Polynesians (3.8 per cent); and others, mainly Indonesians and Vietnamese (8.2 per cent). Almost half the population was reported to be under 25 years of age.

4. The majority of the population (68 per cent) lives in the South Province, mainly around the greater Nouméa area, while 21 per cent live in the North Province, and only 10.6 per cent in the Loyalty Islands. In 1996, the native Kanak population made up 77.9 per cent of the population of the North Province and 97.1 per cent of the population of the Islands, but only 25.5 per cent of the population of the South Province. With respect to the Territory's second largest population group, persons of European origin, 89 per cent live in the South Province. The official language is French and about 28 Melanesian-Polynesian dialects are spoken.

5. The political and administrative structures of New Caledonia have been fundamentally altered by the Nouméa Accord (A/AC.109/2114, annex), signed in May 1998 between the Government of France, the pro-independence Front de libération national kanak socialiste (FLNKS) and the integrationist Rassemblement pour la Calédonie dans la République (RPCR). Under the terms of the Accord, the New Caledonian parties opted for a negotiated solution and progressive autonomy from France rather than an immediate referendum on political status. The transfer of powers from France began in 2000 and is to end within 15 to 20 years, when the

Territory will opt for either full independence or a form of associated statehood. The political and legislative process that is under way and the new institutional arrangements in place in New Caledonia are described in section II below. The characteristics of New Caledonia's economy and employment, as well as current efforts to implement a policy of redressing economic and social imbalances between the more prosperous South Province and the less developed North Province and Loyalty Islands, are described in section III.

II. Political situation

A. Background

6. The Nouméa Accord provided for a number of steps towards a negotiated consensual solution for the future of the Territory. As stated in the preamble to the agreement, that solution would define the political organization of New Caledonia and the arrangements for its emancipation over the next 20 years. Among the steps to be taken were constitutional amendments, the creation of new institutions, the full recognition of Kanak identity and rights, the establishment of parameters for the electorate and the gradual transfer of powers from the French State to the New Caledonian authorities.

7. On 6 July 1998, the French Parliament passed, by 827 votes to 31, a constitutional reform that inserted two articles, 76 and 77, into the Constitution. Article 76 provided that the people of New Caledonia would be called upon before 31 December 1998 to express their views on the provisions of the Nouméa Accord. Article 77 provided that, following approval of the Accord, a constitution would be submitted to a vote in Parliament in order to enable New Caledonia to move forward on the basis of the Accord.

8. Prior to the referendum, the two major parties of New Caledonia, FLNKS and RPCR, had both campaigned for approval of the Accord among their respective constituents. The Accord was ratified by New Caledonians in a referendum held on 8 November 1998. With 74 per cent of the electorate voting, 72 per cent voted in favour of the Accord.

9. Following the referendum, the Nouméa Accord provided for the renewal of relations between France and New Caledonia to be translated into a draft organic law and an ordinary law, which were presented in the French Parliament and ratified on 19 March 1999. The Organic Law codified constitutional matters, namely, the powers that would be transferred to the newly created institutions in New Caledonia, the organization of those institutions, rules concerning New Caledonian citizenship, the electoral regime and conditions and deadlines by which New Caledonians would determine their accession to full sovereignty. The Ordinary Law dealt with other matters, mainly economic and social, covered in the Nouméa Accord.

10. The issue of eligibility to vote in future elections in New Caledonia also required legislative action during 1999 (see A/AC.109/2000/4, para. 22). The French National Assembly and the French Senate approved a constitutional amendment establishing that only those persons who have resided in the Territory for a specified number of years should be eligible to vote in a future referendum on

self-determination, as well as in the congressional and provincial elections. To complete the ratification process of the amendment, the French Congress (a joint sitting of the National Assembly and the Senate) would have had to approve it as well. However, according to the Minister for Overseas Territories, that is no longer possible, owing to the fact that some provisions of the amendment regarding French Polynesia are no longer appropriate. Thus, a revised bill, omitting the provision on French Polynesia, must be reintroduced, and upon its approval in both chambers of the French Parliament, the French Congress could finally vote on it at the end of 2005 or early in 2006.[4] In relation to that issue, in July 2002, the United Nations Human Rights Committee rejected a claim lodged by an association of voters in New Caledonia alleging that their exclusion from the voter registry for a future referendum was discriminatory and that the cut-off dates for voters were excessive. The Committee ruled that that was not a violation of the International Covenant on Civil and Political Rights because the cut-off dates set for referendums from 2014 onwards were not excessive "inasmuch as they are in keeping with the nature and purpose of these ballots, namely a self-determination process involving the participation of persons able to prove sufficiently strong ties to the territory whose future is being decided".[5]

B. New governmental structure

11. New Caledonia continues to vote in French presidential elections and to elect one member of the French Senate and two members of the French National Assembly. Due to reform efforts, which will enlarge the French Senate from 331 to 346 members, the Territory will obtain a second seat no later than 2010.[6] However, as a result of the entry into force of the Organic Law in 1999, a new governmental structure was created in the Territory, as described below.

12. Congress is the legislative assembly of New Caledonia. It comprises 54 members, consisting of 7 members of the Provincial Assembly of the Loyalty Islands, 15 of the Provincial Assembly of the North Province and 32 of the Provincial Assembly of the South Province. Members are elected for five-year terms. In January 2005, the European Court of Human Rights ruled that a provision of the Nouméa Accord, which requires 10 years of residence in New Caledonia for participation in provincial and congressional elections, does not violate the right to free elections and does not constitute discrimination on grounds of national origin.[7] The judgement signalled the conclusion of a six-year legal struggle.

13. The Government is the executive power of New Caledonia and is headed by the President. It is elected by Congress and is responsible to it. It is composed of between 5 and 11 members, the exact number to be fixed by Congress prior to the election of the Government. The Nouméa Accord stipulates that the Government is a collegial cabinet, which must reflect party representation in Congress. The Government prepares and executes the decisions of Congress, appoints public and administrative officers, oversees the execution of public works, manages local resources, gives its opinion regarding projects that involve the mines in the Territory and prepares the codification of the Territory's laws.

14. The Provincial Assemblies are responsible for all matters relating to the province that are not directly attributed to the President of the Provincial Assembly. The President of the Provincial Assembly acts as the executive of the province and,

as such, is responsible for the administration of the province and the management of public employment at the provincial level. Members of the Assembly are elected for five-year terms.

15. The Economic and Social Council advises the Government on projects and possible laws that have an economic or social character. It comprises 28 representatives of professional, labour and cultural organizations, 2 members designated by the Customary Senate and 9 personalities that are representative of the economic, social and cultural life of New Caledonia, designated by the Government on the advice of the Provincial Assemblies.

16. The Customary Councils are a parallel set of institutions in eight areas, which are designed to accommodate full political recognition of the Kanak identity. In addition, there is a Territory-wide Customary Senate, comprising 16 members, 2 selected by each Customary Council. The Customary Senate is represented in the Economic and Social Council, the Administrative Council, the Consultative Council on Mines and local development agencies. The Customary Senate and the Councils are to be consulted by the executive and legislative organs of New Caledonia on matters that have to do directly with the Kanak identity.

C. Recent political developments

17. Following the ratification of the Nouméa Accord by the people of the Territory and the codification of its provisions into French law, New Caledonia is no longer considered an Overseas Territory. Instead, the Government of France describes it as a community sui generis, which has institutions designed for it alone to which certain non-revocable powers of State will gradually be transferred.

18. For the past 25 years, the party system in New Caledonia has been dominated by the anti-independence RPCR, which was founded and led until 2005 by long-time President of the South Province Jacques Lafleur. However, according to the administering Power, uneasiness about one party dominating the party system grew and culminated just months prior to the Caledonian general elections in May 2004, with the emergence of a new party, Avenir Ensemble (AE).[8] AE is opposed to complete independence from France. However, the party is viewed to be more consensus-oriented with the indigenous Kanak movement, and supportive of full implementation of the Nouméa Accord. The indigenous movement is part of FLNKS, a coalition of several pro-independence groups, of which only Union Calédonienne (UC) and Parti de Libération Kanak (PALIKA) are represented in the Territory's Congress. During the past three years, FLNKS has faced problems in defining its internal organization and party strategy. While the party was not able to elect a president during its 2003 congressional session, and had to cancel the last session of congress scheduled for the end of 2004, a political bureau consisting of eight members has been managing affairs on a temporary basis.[8] Another active party in the Territory is Front National (FN), which rejects not only independence but also the Nouméa Accord. FN is represented in the Congress.

19. The last elections for the three Provincial Assemblies, which also determine the composition of Congress, the legislative body of New Caledonia, were held on 9 May 2004, ending RPCR's 25-year domination of the Caledonian Government. In its first election, AE obtained 16 of the 54 seats in Congress, on par with RPCR. UC, one of the parties normally under the umbrella of FLNKS, decided to run its

own candidates separately in the elections. While FLNKS won nine seats, UC obtained seven. FN received four seats in Congress and two smaller parties obtained one seat each. The anti-independence alliance increased its representation from 31 seats to 36 seats. According to a report of the French National Assembly, that gain was due mainly to fragmentation within the independence alliance. In the South Province, where the independence movement was split into several lists, no representative received the required 5 per cent of the vote necessary for a seat.[9]

20. At the level of the provinces, AE won 19 of the 40 seats in the South Province, while the North Province remained in the hands of FLNKS and UC, with the parties holding 11 and 9 seats respectively from a total of 22. The independence alliance was the strongest performer in the Loyalty Islands, where it holds 6 of 14 seats. In each province, a member of the leading party has been elected President of the Provincial Assembly, who also acts as the chief executive of the province. RPCR also lost the presidency in the South Province, which has been considered its stronghold for the past 25 years, when RPCR President Jacques Lafleur served in that post. In January 2005, Mr. Lafleur resigned from his post as President of RPCR and was replaced by Pierre Frogier.[10] In view of the results, a report of the French National Assembly speaks of growing political division between a pro-independence North and an anti-independence South.[9] The next elections for Congress and the Provincial Assemblies are scheduled for 2009.

21. Political stability in New Caledonia can be undermined by the existence of the "collegiality clause" of the Nouméa Accord, which states that if a member of the 11-member Government cabinet resigns and there is no replacement from his or her party, the whole Government will have to be re-elected by a vote in Congress. As has happened on previous occasions, there is a risk that disgruntled parties might resort to the clause again in order to force a new election.[11]

22. Following the political breakthrough in the May 2004 elections, with the emergence and immediate success of AE, the composition of the new New Caledonian Government grew highly complex. In the initial election, on 10 June 2004, Congress fixed the number of government members at 11 and decided that AE should get five seats in the collegial Cabinet, RPCR 3, FLNKS 2 and UC 1. The new Government then elected Marie-Noëlle Thémereau of AE President and re-elected Kanak writer and FLNKS member Déwé Gorodey Vice President. However, hardly into office, Mrs. Thémereau's Government had to resign, when RPCR withdrew from the Cabinet, claiming that it was entitled to four, instead of just three, seats. RPCR member of Congress Suzie Vigouroux declared that she had erroneously voted for the Government, which had cost her party a seat.[12]

23. After RPCR was promised one more seat at the expense of AE, RPCR Cabinet members agreed to join the new Government, which was to be elected on 24 June 2004. According to a report by the French National Assembly, the independence alliance this time declined to be the one to settle what was considered an internal dispute of the anti-independence camp.[9] Without its votes, neither Mrs. Thémereau nor Mr. Frogier could obtain the required absolute majority of six votes. In a second attempt, on 29 June 2004, when observers were considering the possibility of new congressional elections, Mrs. Thémereau finally received the required vote to be elected President, as did Mrs. Gorodey to be elected Vice President, this being the first time the Territorial Government has been led by two women.[13]

24. In view of the election results and subsequent events, Mr. Frogier predicted, in a speech to the French National Assembly in November 2004 a new period of instability, stating that his party, RPCR, was systematically excluded from all responsibilities by an anomalous coalition.[14] However, his successor, Mrs. Thémereau, stressed in her *Déclaration de Politique Générale* in August 2004, that the absence of an absolute majority both in Congress and in the Government reflected the nature of the Nouméa Accord, which stipulates that power must not be monolithic, but shared.[15]

25. Another territorial institution, the Customary Senate, considered to be the guarantor of Kanak identity, was formally constituted on 27 August 1999. The Senate, which has a rotating presidency to accommodate each of the eight customary areas, selected a new chief, Paul Jewine, in 2004. In her *Déclaration de Politique Générale* of August 2004, Mrs. Thémereau suggested that the Senate's renewal in 2005 could be an occasion to tackle certain reforms, specifying that it was up to the Kanak society to decide on its representation.[15]

26. The last of the territorial institutions, the Economic and Social Council, was formally established on 2 February 2000. It is composed of 39 members. The Council continues to be consulted by Congress on all economic and social matters. Its mandate expired in January 2005, and new appointments will be made in the spring of 2005.

27. Regarding French State institutions, in the French Senate elections held in September 2001, incumbent Simon Loueckhote of RPCR was elected New Caledonia's Senator for a further nine years. Regarding the French presidential elections, Jacques Chirac (Rassemblement pour la République) obtained 80.72 per cent of the New Caledonian vote and Jean-Marie Le Pen 19.58 per cent.[16] In the June 2002 elections for the French National Assembly, New Caledonian voters returned two members of the pro-integrationist RPCR to their seats, namely, Mr. Lafleur, who has held the seat in Paris for 24 years, Mr. Frogier.[17]

28. The French State is represented in the Territory by High Commissioner Daniel Constantin, who has served in that post since 2002.

29. As envisaged in the Nouméa Accord, in 1999 the new institutions began to enact country laws (*lois du pays*), which have the full force of law and can be contested only before the Constitutional Council. Since 1999, 34 such laws have been adopted, 10 during the period under review. The laws adopted in the past two years relate to social, finance and customs issues and various tax laws.

30. Also set out in the Nouméa Accord are the powers to be exercised in association between the French State and New Caledonia, namely, related to external relations; entry and stay of foreign nationals; law and order; gambling; audio-visual communication; research and higher education; and secondary education. A number of other services and jurisdictions are to be gradually transferred from the State to the Government of New Caledonia (see A/AC.109/2001/14, para. 21). In 2003, steps were taken to finalize the transfer of the services for labour inspection, foreign trade, primary education, mining and energy, as well as the two State bodies, the Institut de formation des personnels administratifs and the Office des postes et telecommunications.

31. According to the administering Power, the competencies that could be transferred in the period 2004-2009, the time period corresponding to the length of

office of the current New Caledonian Congress, are those related to the police and security in air and sea traffic, private primary education, civil and commercial law and civil security. Upon the approval of an additional organic law, transfer would also be possible for rules regarding the administration of the provinces and municipalities, higher education and audio-visual communication. The administering Power stressed that, according to the Nouméa Accord, the New Caledonian Government would have had to ask for the transfer of those powers during the first six months following the elections of May 2004. As that did not take place, no powers are likely to be transferred until 2009, when the next Congress is elected.[8]

32. In the past, in spite of the considerable institutional and administrative advances described above, progress was often hindered by friction between RPCR and FLNKS, owing to their differing interpretations of collegiality in Government matters. They held opposing views on issues such as voter eligibility, mining initiatives and, especially, implementation of the Nouméa Accord. However, that may change, owing to the emergence of AE onto the political scene. Newly elected New Caledonian President Thémereau and her party have promised to resume implementation of the commitments outlined in the Nouméa Accord, upon which, according to the Kanak movement, the former RPCR-led Government reneged. Regarding social and economic issues, the Government has already raised the minimum wage, increased taxation of larger businesses to help fund reforms and highlighted the need to tackle a chronic shortage of low-cost housing, while supporting small and medium-sized local businesses and investment incentives and trying to promote jobs for local people.[18]

33. The French Government expressed its intention to be an impartial and engaged judge during the Nouméa process, and President Chirac stressed the role of the French Government as a partner in the transfer of further jurisdictions to New Caledonia. He pledged that the Nouméa Accord would be fully implemented and respected by the State and that it would help further the development of education, environment, regional cooperation and metallurgical projects.[8]

34. Divisions within the pro-independence camp have been apparent since the resignation of FLNKS leader Roch Wamytam from the Government in October 2001 and the growing conflict between the various components of the party, including among those represented in Congress. While PALIKA represents a moderate position with regard to the implementation of the Nouméa Accord, UC has adopted a more radical approach towards independence.[19] The whole implementation process of the Nouméa Accord could be jeopardized by ongoing instability and according to the Economist Intelligence Unit, dissolution of FLNKS cannot be ruled out.[11]

35. In January 2005 the Committee of signatories of the Nouméa Accord met in Paris. Prior to the meeting, it was discussed whether AE should be allowed to participate in the follow-up process, which historically was supposed to be between France and the original signatories of the Accord. RPCR was opposed to the idea of including the new party. In the end, a compromise was reached, stipulating that each delegation was allowed to include members of other parties, such as AE.[19] According to the summary of the meeting, the following issues were discussed: the composition of the electorate for New Caledonian elections, the introduction of the euro, new development agreements for the period 2006-2009 and the implications of the new census regarding financial support for New Caledonia. Concerning the

latter, the Minister for Overseas Territories stated that the Caledonian municipalities would receive more funds in 2005, due to the population increase.[4]

36. In September 2003, a visiting delegation from the French Parliament also concluded that implementation of the Nouméa Accord was proceeding well. However, the Kanak community has argued that the reforms outlined in the Accord are being implemented too slowly, especially those relating to voter residence requirements (see para. 8 above). Meanwhile, President Chirac has promised resolution of the question before the end of his term.[11]

37. Another political issue that continues to cause tension in New Caledonia is the inter-ethnic strain between the Kanaks and the settlers from the French territory of Wallis and Futuna, a confrontation that flared between them in 2001 and 2002 (see A/AC.109/2002/13, paras. 30-32 and A/AC.109/2003/7, para. 32). While the Wallis and Futuna Islands have a population of 15,000 inhabitants, New Caledonia is home to 20,000 Wallisian people. After a long-standing dispute over the housing of people from Wallis and Futuna on disputed land near Nouméa, the remaining 30 Wallisian families were moved from the area under police guard in September 2003.[11]

38. According to the French High Commissioner, the inter-ethnic tensions revealed the fragility of the Nouméa process, and he urged the communities concerned to work with State and local institutions towards redressing the social and economic imbalance in the Territory. After numerous meetings, in November 2002, the chiefs of the Kanak and Wallisian communities agreed to resolve their differences peacefully. In December 2002, the Minister for Overseas Territories signed a €25 million development agreement with Wallis and Futuna, aimed at stemming the outflow of the islanders.[20] An accord signed between the two communities in December 2003, which stipulated the principle of dialogue on all decisions taken by New Caledonia, could affect its inhabitants from Wallis and Futuna.[6]

D. External relations

39. The legal framework within which New Caledonia may establish external relations is governed by the Organic Law of 1999. In that regard, the participants at the January 2002 meeting of the signatories of the Nouméa Accord agreed on the importance of developing trade and other relations with the larger actors in the Pacific region (Australia and New Zealand), as well as with other island States, and of building on existing links with regional organizations. Another concern expressed was the need to establish better links with the European Union, given its political, commercial and financial importance.

40. In July 2003, President Chirac met with the heads of State of the Pacific region in Papeete, Tahiti. During the meeting, the President expressed his intention to strengthen cooperation between the countries of the region, in particular the French Pacific Territories of French Polynesia and New Caledonia. President Chirac announced that the allocation to the fund for economic, social and cultural cooperation for the Pacific would be doubled to €3,352,000.

41. On the multilateral front, New Caledonia has strengthened its ties with the European Union (EU). In 2004, the Territory received €13.75 million from the European Development Fund. According to the EU, the aid is aimed at vocational

training, which is seen as an instrument in reducing internal economic imbalances in the Territory.[21] In December 2003, a delegation formed by the then New Caledonian President, Mr. Frogier, and a Kanak representative attended the European Union Overseas Countries and Territories Forum in Brussels, which covered issues related to trade, economic cooperation and the implementation of EU development aid.

42. Another important issue related to the EU is the possible introduction of the euro into New Caledonia by 2007. Currently, the Territory's currency is the Comptoirs Français du Pacifique franc (CFP), which has an exchange rate fixed to the euro.[22] According to President Thémereau, a consensus among the Territory's major political forces is a prerequisite for any decision with regard to the introduction of the euro. The EU demands it be simultaneously introduced into all three French Pacific territories following the formally expressed wish of their Governments.[23]

43. According to the administering Power, the agreement on disaster preparedness and emergency assistance between France, Australia and New Zealand once again proved its efficacy by providing assistance to Niue and Vanuatu, when those countries were hit by cyclones Heta and Ivy in 2004. In November 2004, a meeting of the signatories of the agreement took place in Papeete, Tahiti.[8]

44. In August 2004, President Thémereau headed the Caledonian delegation, which attended the 35th summit of the Pacific Islands Forum in Apia, Samoa. New Caledonia has enjoyed observer status at the Forum since 1999. In her *Déclaration de Politique Générale*, President Thémereau also announced her participation at the meeting of the Oceania regional programme on the environment, scheduled for September 2005 in Papeete, Tahiti. New Caledonia will host the 2005 meeting of the Pacific Islands Forum Ministerial Committee.

45. On the bilateral front, in 2004 New Caledonia received visits from Vanuatu's Ministers for Foreign Affairs and Agriculture. According to the administering Power, both Ministers requested further financial support from France and an opening of the New Caledonian market for beef exports. Additionally, in September 2004 an agreement was signed between New Caledonia and Vanuatu regarding research on the protection of the maritime world, while another agreement on the fight against illegal fishing is almost complete. A cooperation programme between the police forces of Vanuatu and New Caledonia, which includes training for the Vanuatu police in New Caledonia, was also initiated in 2005.[8]

46. The Australian Minister for Foreign Affairs visited Nouméa briefly in December 2004 to discuss the dismantling of customs protections for the New Caledonian market and to express his country's support for the implementation of the Nouméa Accord.[8]

47. In 2003, the New Caledonia Government decided that Japanese nationals could visit New Caledonia for 90 days without a visa. According to the administering Power, the French Foreign Minister proposed that China initiate negotiations on an agreement that would accord New Caledonia and French Polynesia the status of "approved tourist destination" for Chinese visitors.[8]

III. Economic data and developments

A. General

48. New Caledonia, with its considerable economic assets, ranks among the more affluent Pacific nations. New Caledonians, with an average annual per capita income of $12,800, enjoy one of the highest incomes in the Pacific region.[24] However, New Caledonia also suffers from long-standing structural imbalances between the economically dominant South Province and the considerably less developed North Province and the Loyalty Islands. Therefore, in the context of the Matignon Accords of 1988 (see A/AC.109/1000, paras. 9-14) and the Nouméa Accord, much of the efforts of the Government of France and New Caledonian institutions in the past decade have been aimed at *rééquilibrage*; that is, redressing the balance among the three provinces in terms of infrastructure, social services and employment opportunities. Accordingly, 70 per cent of State assistance to the Territory is earmarked for the North Province and the Loyalty Islands, with the remaining 30 per cent for the South Province. In January 2002, following the second meeting of the signatories of the Nouméa Accord, the French Government announced that its economic assistance to New Caledonia over the coming decade would be invested mainly in the nickel industry, tourism and education.[25] In addition, €19 million has been reserved for investment contracts between the French State and the local government units (*communes*) in the Territory. As at the end of 2003, 19 *communes* had signed contracts with the State, focused on road works, public buildings, new schools, water supplies, sanitation and waste disposal. Credits for the period 2000-2004 reached a total of €355 million, representing an increase of 25 per cent over the period 1993-1997.

49. According to information provided by the administering Power, the French State also continued to offer fiscal incentives to encourage investment in its Overseas Territories, as well as specific tax facilities, aimed at strengthening New Caledonia's metallurgy and mining sectors, hotel industry, housing, transport sector and public service concessions.

50. New Caledonia will, however, remain heavily dependent on direct financial transfers from France, which are equivalent to around 30 per cent of gross domestic product (GDP). Approximately 80 per cent of that amount is spent on health, education and the payment of public service salaries, with the remainder funding development schemes, mainly in the North and Island Provinces. According to the Economist Intelligence Unit, the announcement that the international cruise company P&O Cruises has decided to make New Caledonia its main port of call in an expanded cruise programme from Australia should have a positive effect on the tourist industry (see also para. 65). High world nickel prices during 2004 provided a significant boost to New Caledonia's mining revenue (see also para. 53).

51. The 2005 budget was approved by the territorial Congress. The centrepiece of the budget was an increase in the official minimum monthly wage to CFP110,000 (around $1,200) from CFP100,000. Taxes on businesses with annual profits of over CFP200 million ($2 million) will be raised to finance increases in family benefits and allowances.

52. Meanwhile, as discussed in paragraph 42 above, New Caledonia's currency, the Pacific franc, could be replaced by the euro within two years if all three French

Pacific Territories concur. The Chamber of Commerce has commissioned feasibility studies, and its Chairman has stated that the euro would facilitate trade, promote savings and attract foreign investment. On the other hand, the change is opposed by the pro-independence parties, which assert that, under the provisions of the Nouméa Accord, currency matters are to be a local competency, and a switch to the euro would serve only to bind New Caledonia more closely to France.[26]

B. Mineral resources

53. New Caledonia's economy is dominated by the nickel industry. The Territory, which is the third largest nickel producer in the world after the Russian Federation and Canada, is estimated to have at least 25 per cent of the world's nickel reserves[27] and is responsible for 6 per cent of the world's nickel output, employing some 3,500 people in mining firms of varying sizes. Although this highly dynamic sector makes up between 80 and 90 per cent of New Caledonia's exports and generates numerous related economic activities, it is fragile in that it is almost entirely dependent on international demand and nickel prices. For that reason, emphasis continues to be placed on the development of local metallurgical production, which creates more wealth, rather than on mineral exports. New Caledonia has benefited from higher global nickel prices in 2004, partly as a result of strong demand from China. Chinese demand increased 36 per cent in the fourth quarter of 2004, year-on-year.[28]

54. There are currently three major nickel-related projects under way in the Territory, namely, those of Société Le Nickel, Falconbridge Limited and the International Nickel Corporation (Inco) (see A/AC.109/2000/4, paras. 30-32; A/AC.109/2001/14, paras. 33-36; and A/AC.109/2002/13, paras. 36-37). While it is hoped that those projects will lead to significant economic growth, they are controversial and still face uncertainty especially in the case of Falconbridge Limited and Inco.

55. The first of the three projects is being developed by Société Le Nickel (the New Caledonian affiliate of the French State-owned company Eramet), which is investing between €140 million and €190 million in its Doniambo smelter to boost production from 60,000 to 75,000 tons per year. According to the French Government, the renovation, which implies the upgrading of one of Doniambo's three smelters and of another Société Le Nickel mine, at Tiebaghi, is scheduled to begin production in 2006.[29]

56. The second project under way is a joint venture between the Kanak-controlled Société Minière du Sud-Pacifique and the Canadian company Falconbridge Limited. The project will include the construction of a smelter in the North Province to process nickel from the Koniambo mountains. It is estimated that this smelter will produce some 60,000 tons per year, creating 800 jobs directly and 2,000 indirectly. It is also at the heart of a major project to bring wealth and employment to the underdeveloped North Province through the construction of an electric power plant, a deep-water port and a hydraulic dam. Production is not due to begin until the period 2008-2009, but the North Province government began construction of residential and commercial buildings in 2004 around the Koniambo site in order to prepare for the population increase that will occur when the mine opens.[29]

57. The third project by the Canadian company, Inco, for a new nickel mining and smelting project at Goro, South Province, resumed in early 2005, following long

delays. However, according to the Economist Intelligence Unit, demonstrations, environmental concerns and industrial disputes could hinder the project's progress. The arrest in February 2005 of two Kanak leaders over a blockade of the Goro Nickel mine construction site has raised concern about whether smooth implementation of the project can be achieved. After a two-day demonstration at the site, Raphael Mapou, an outspoken former politician, and André Vama, President of Rhebun Nuu, a group dealing with indigenous concerns, were arrested after riot police moved in to break up the demonstration. They were subsequently released, but must appear before a court in April 2005. Mr. Vama opposes the mine on environmental grounds, in particular the discharge of waste into the ocean. After the arrests, Inco, which had previously stated that it had reached an amicable agreement with landowners on environmental issues, had further talks with the two leaders, together with officials of territorial and South provincial governments. Mr. Vama has the backing of pro-independence FLNKS, but is opposed by some Kanak chiefs from the South Province. One clan leader, Hilarion Vendegou, claimed that opposition to the mine was harmful to his people's long-term economic interests.[28]

58. The three provinces have each signed up to acquire a total share of 10 per cent in Goro Nickel. The share was originally held by the French Government's mining and geological research department. Notwithstanding further delays, the mine is due to open in 2007 and is expected to eventually produce 60,000 tonnes of nickel and 5,000 tonnes of cobalt per year.[30]

59. The debate over the impact that new nickel projects will have on New Caledonia's pristine maritime environment began some years ago. However, after two years of controversy, the French Government has agreed to lobby for New Caledonia's coral reef system (the largest after the Great Barrier Reef in Australia) to be listed in the United Nations Educational, Scientific and Cultural Organization World Heritage List. The decision to seek World Heritage listing was supported by the Kanak-dominated North and Loyalty Islands Provinces but was opposed by the South Province, as the provincial government and the business sector feared that the listing might prejudice the development of the Goro Nickel mine. They also claimed that World Heritage status offered no tangible benefits to the Territory.[28] The Kanaks believe that mining rights are being sold off cheaply, that the economic benefits are not flowing to the poorer areas of the Territory and that development will damage the local environment. The reef is 1,600 kilometres long and covers about 8,000 square kilometres. It is regarded by scientists as having great research potential and it is also a major tourist attraction.[28]

C. Other economic sectors

60. Other sectors that contribute to New Caledonia's GDP are public administration, commerce, services, construction and public works, small- and medium-scale industry, agriculture and tourism.

61. The agriculture and fishery sectors account for only 2 per cent of GDP, but, increasingly, they occupy a central place in New Caledonian society, employing some 30 per cent of the population and making it possible to contain the rural exodus. Rural development projects are aimed at increasing the local market, thereby decreasing the need for imported food. Fisheries are underdeveloped, with commercial fishing accounting for only a third of the total catch, most of it tuna

exported to Japan. However, the North Province and Loyalty Islands authorities are expanding their fishing fleets and aquaculture has expanded rapidly in the past 10 years.[31]

62. The aquaculture industry, which mainly farms shrimp for export, has been ruffled by a dispute between the two largest producers, South Pacific Applied Geoscience Commission (SOPAC), which is subsidized by the French Government and the privately owned Blue Lagoon. SOPAC has objected to a decision by the territorial Government to grant Blue Lagoon the same tax breaks it has benefited from for 20 years on the grounds that the market is too small for two producers. SOPAC claims it could be driven out of business by Blue Lagoon, which has won a five-year contract to supply one of France's largest supermarket chains. The industry has been warned by a French research institute that the shrimp stock, originally imported from South America, needs fresh genetic input from a species to be imported from Hawaii, if breeding rates are to be maintained.[28]

63. Tourism is regarded as another important sector, but the improvement of airline services must remain an important priority for the Territory if tourism is to be developed further. According to information provided by the administering Power, tourist arrivals dropped 3.9 per cent, from 82,862 to 79,618, during the first 10 months of 2004 year-on-end.

64. A strategic plan to revive the tourism industry has been commissioned by the Government and is due for publication in mid-2005. Tourist arrivals peaked at 209,000 in 2000, but subsequently slumped to around 100,000 a year. According to the Economist Intelligence Unit, the decentralization of tourism marketing activities to the provincial tourism offices proved a failure and responsibility for tourist-related promotional activities was restored to the national tourist office at the start of 2005. However, the downturn in the sector is mainly attributable to a fall in the number of Japanese tourists, the mainstay of the industry. An ongoing dispute between the territorial Government and the Pacific Blue Airlines, owned by the Australian airline Virgin Blue, also means that New Caledonia has been unable to benefit from the boost to tourist arrivals that other Pacific island nations have enjoyed following the launch of cheaper flights. Pacific Blue claims that the airport charges that it faced were not only high compared with other destinations in the region, but much higher than the rates paid by its rival, the New Caledonia national carrier, Aircalin. As a result, Pacific Blue's planned launch of twice weekly service from Brisbane, Australia, has been suspended.

65. An international cruise company, P&O Cruises, has decided to make New Caledonia its main port of call in an expanded cruise programme from Australia. As a result, the number of visits by P&O Cruises ships operating from Australia will increase from 120 in 2005 to 183 in 2006, while visits to the Loyalty Islands will increase from 19 this year to 59 in 2006. All three liners on the route will sail to a new port, Ouvéa, starting with the company's newest ship, the Sydney-based *Pacific Sun*, in May 2005, to be followed by the Brisbane-based *Pacific Sky* in August 2005. The luxurious *Pacific Princess* cruise ship, which is based in Sydney from November to April each year, will begin visiting Ouvéa in the summer of 2005/06. New Caledonia is now P&O Cruises' most frequently visited destination in the region, with the Territory receiving almost half of all port visits made by the company's three Australia-based liners. A third Loyalty Islands port, Maré, will be

added to the company's growing portfolio of New Caledonian destinations in the near future. Other calls are made at Nouméa, Emerald Bay and the Isle of Pines.[28]

D. Labour

66. According to information provided by the administering Power, 9,460 persons were unemployed at the end of September 2003, an improvement of 1.6 per cent compared to 2002. The same source noted that labour disputes are frequent in New Caledonia, leading to many hours of lost productivity owing to strikes and lockouts. Despite the more conciliatory stance of the AE-led Government towards the Kanak population, industrial disputes and strikes, which are sometimes accompanied by violence, will remain a feature of the economic and political scene.[28]

IV. Consideration of the question by the United Nations

A. Special Committee on the Situation with regard to the Implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples

67. According to the administering Power, New Caledonian Government officials were not able to participate in the Special Committee's Pacific regional seminar, held in Madang, Papua New Guinea, from 18 to 20 May 2004, given the proximity of the territorial elections. However, a representative from FLNKS and one from the Agence Kanak de Développement attended the seminar. In his statement, Sarimin Boengkih, of Agence Kanak de Développement, listed his concerns about the strategies of the Territory's administering Power. In particular, immigration policies, which resulted in an influx of people with voting rights, had changed the make-up of the population in New Caledonia and, thus, the influence of the Kanak. He referred to the Nouméa Accord currently being implemented, which had created three provinces of New Caledonia, and was seen as an important step towards self-governance. Mr. Boengkih discussed problems that might arise should France decide to call a referendum on self-determination to be organized separately in each province. He raised concerns regarding use of natural resources, in particular with regard to mining in New Caledonia, and what he termed the division and marginalization of indigenous populations. The implications of military occupation in New Caledonia were also mentioned. A representative of France, observing the seminar, remarked that racism was a concern his Government would need to look into, owing to the disparity of the New Caledonian population. According to information submitted by the administering Power, France called the claims that New Caledonia had become increasingly militarized a contradiction of reality. It also noted that it perceived the statement that France had agencies in France working to foster the installation of French mainland settlers in the Territory as irresponsible and baseless.[8]

68. The Special Committee considered the question of New Caledonia at its 7th meeting, on 16 June 2004 (see A/AC.109/2004/SR.7). During the meeting, the representative of Papua New Guinea introduced draft resolution A/AC.109/2004/L.9. The Special Committee adopted the draft resolution without a vote.

B. Special Political and Decolonization Committee (Fourth Committee)

69. At its 8th meeting, on 12 October 2004, the Fourth Committee decided to defer for 48 hours action on the draft resolution entitled "Question of New Caledonia". At its 10th meeting action on the draft resolution was deferred once again until 18 October 2004. At the 11th meeting of the Special Political and Decolonization Committee (Fourth Committee), on 18 October 2004, the representative of Papua New Guinea proposed an amendment to operative paragraph 8, by which the words "of all New Caledonians, especially the indigenous Kanak people" be replaced by the words "and identity of all sectors of the population". At the same meeting, the Committee adopted the draft resolution entitled "Question of New Caledonia" as orally revised without a vote (see A/C.4/59/SR.11). At the same meeting, the representative of France made a statement in support of the amendment (see A/C.4/59/SR.11).

C. General Assembly

70. At its 71st plenary meeting, on 10 December 2004, the General Assembly adopted resolution 59/132 on the question of New Caledonia without a vote (see A/59/PV.71).

Notes

[1] The information contained in the present report has been derived from information transmitted to the Secretariat by the Government of France on 22 January 2003 and from published sources.

[2] Pacific Islands Report, 1 September 2004 and 20 September 2004 and 10 December 2004.

[3] Institut de la Statistique et des Études Économiques Nouvelle Calédonie (see www.itsee.nc); Economist Intelligence Unit, Country Profile New Caledonia 2004 (see www.eiu.com).

[4] Conclusions of the Committee of signatories of the Nouméa Accord, 20 January 2005.

[5] Oceania Flash, 12 April 2002.

[6] Senate of the French Republic (see www.senat.fr).

[7] European Court of Human Rights, Judgement No. 66289/01, Py v. France (see www.echr.coe.int).

[8] Administering Power, "L'evolution de la Nouvelle Caledonie en 2004".

[9] Assemblée Nationale, report No. 1868, 13 October 2004.

[10] Pacific Islands Report, 23 June 2004.

[11] Economist Intelligence Unit, Country Report New Caledonia, December 2003.

[12] Pacific Islands Report, 9 July 2004.

[13] Ibid., 13 July 2004.

[14] Pierre Frogier, speech delivered to the French National Assembly, 9 November 2004.

[15] Marie-Noëlle Thémereau, "Déclaration de Politique Générale", 17 August 2004.

[16] Agence France-Presse, 22 April 2002; *Le Monde*, 23 April 2002.

[17] Oceania Flash, 17 June 2002.

[18] Economist Intelligence Unit, Country Report New Caledonia, September 2004 and March 2005.

[19] Pacific Islands Report, 12 January 2005.

[20] Oceania Flash, 11 November 2002 and 23 December 2002.

[21] European Commission, EC04-195EN, 30 July 2004.

[22] Communauté financière du Pacifique franc (CFP fr): 1 euro = 119.2 CFP.

[23] Marie-Noëlle Thémereau, "Declaration de Politique Générale", 17 August 2004; Conclusions of the Committee of signatories of the Nouméa Accord, 20 January 2005.

[24] *L'Humanité*, 3 January 2003; Virtual Information Center, 30 January 2004 (see www.vic-info.org).

[25] Agence France-Presse, 22 January 2002; Economist Intelligence Unit, 21 March 2002.

[26] Oceania Flash, 23 October 2002; Economist Intelligence Unit, *ViewsWire*, 18 December 2002; Economist Intelligence Unit, Country Report New Caledonia, March 2005.

[27] Economist Intelligence Unit, December 2002.

[28] Ibid., March 2005.

[29] Ibid., December 2003.

[30] Inco Limited, 18 February 2005 (see inco.com).

[31] Economist Intelligence Unit, Country Reports, December 2002 and December 2003.